

Introduced by Senator Cox

February 18, 2005

An act to add Section 10204.5 to the Insurance Code, relating to life insurance.

LEGISLATIVE COUNSEL'S DIGEST

SB 487, as amended, Cox. Group life insurance.

Existing law generally regulates group life insurance policies, and defines various forms of group life insurance.

This bill would provide that ~~no form of group life insurance offered to a resident of this state under a group life insurance policy that is not otherwise covered by these provisions of law may be offered in this state unless specified requirements are met~~, in addition to the issuance of group life insurance otherwise permitted by specified provisions of law, the Insurance Commissioner may approve the issuance of group life insurance if he or she makes specified findings, including findings regarding the insurer, the group to be insured, the premiums charged, and the public interest. The bill would allow an insurer under a policy covered by these provisions to exclude or limit the coverage on any person as to whom evidence of individual insurability is not satisfactory to that insurer.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 10204.5 is added to the Insurance Code,
2 to read:

~~10204.5. (a) No form of group life insurance offered to a resident of this state under a group life insurance policy issued to a group, other than a form of group life insurance described in any other provision of this chapter, may be delivered in this state unless the following requirements are met:~~

~~(1) The commissioner finds each of the following:~~

~~(A) The issuance of the policy is not contrary to the best interests of the public.~~

~~(B) The issuance of the policy would result in economies of acquisition or administration.~~

~~(C) The benefits are reasonable in relation to the premiums charged.~~

~~(2) The policy was not issued in another state, or was issued in a state that has imposed requirements substantially similar to those specified in paragraph (1) and has determined that those requirements have been met.~~

~~(3) The premium for the policy is paid from the policyholder's funds, from funds contributed by the covered persons, or from both.~~

10204.5. (a) In addition to the issuance of group life insurance to groups in this state as permitted elsewhere in this chapter, the commissioner may approve the issuance of group life insurance if he or she finds each of the following:

(1) There is a common enterprise or economic or social affinity or relationship among members of the group.

(2) The premiums charged are reasonable in relation to the benefits provided under the group insurance policy.

(3) The issuance of the policy would result in economies of acquisition or administration, would be actuarially sound, and would not be contrary to the best interests of the public.

(4) The group was formed in good faith for purposes other than obtaining insurance.

(5) If the group policyholder is an association, the association has a constitution and bylaws and has been in existence for more than one year.

(6) The insurer has been actively engaged in the business of writing the types of coverage offered in the group insurance policy for insureds other than the type of group covered by the policy, and is not organized solely or principally for the purpose of furnishing coverage to groups of this type.

- 1 (b) An insurer under a policy covered by this section may
- 2 exclude or limit the coverage on any person as to whom evidence
- 3 of individual insurability is not satisfactory to the insurer.

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